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JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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SAXTON CALLS FOR EASING IN FEDERAL RESERVE POLICY

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WASHINGTON, D.C. – The Federal Reserve should act soon to further ease monetary policy and improve the prospects for healthy economic growth, Vice Chairman Jim Saxton said today. At a Joint Economic Committee hearing he chaired last November, Saxton asked Chairman Greenspan about the weakness in the economy, the risk of potential deflation, and the policy tools the Fed has at its disposal. These issues continue to be relevant in the current economic environment.

“Given the lack of inflation, the Fed should move soon to ease monetary policy and improve the economic outlook,” Saxton said. “By many measures, current domestic and international economic conditions still appear to be quite weak. Business investment during this expansion never fully recovered as many had expected, leaving the economy on a sub-par growth path. We still seem to be stuck in the ‘soft patch’ Chairman Greenspan described last November.

“Inflation is low, giving the Fed ample room to relax monetary policy. If the economy suddenly begins growing rapidly in the next few months, the Fed will be able to adjust monetary policy accordingly. However, if the economy keeps sputtering, and downward price pressures emerge, the Fed will have missed its opportunity,” Saxton concluded.

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